(c) to what extent these guidelines have been implemented; and

(d) to what extent interest on loans to farmers have been waived off so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) In pursuance to the announcement made in the Budget Speech, Reserve Bank of India (RBI) has issued a circular in March, 2002 advising public sector banks to formulate a policy for one time settlement scheme for small and marginal farmers for loans up to Rs. 50,000. The scheme covers all loan accounts with outstanding balance of up to Rs. 50,000/-principal amount (excluding interest element), which have become Non-Performing Assets as on March 31,1998. As per the guidelines, the amount that should be recovered as settlement amount would be the balance outstanding towards principal in the loan account as on March 31,1998. Any interest which is included in the outstanding amount as on March 31, 1998 or accrued thereafter would be waived. The scheme also covers suit-filed and decreed debts but does not cover cases of fraud, malfeasance and willful defaults and is operative upto March 31, 2003. Most banks have reported that they have adopted the scheme and have advised their branches for implementation of the same. However, as the scheme was announced towards the end of the financial year 2001-02, banks do not have any performance to reports as on 31st March, 2002.

Irregularities in grant of loans by Directors of IFCI

†2712. SHRIMATI SAROJ DUBEY:
SHRIMATI CHANDRA KALA PANDEY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have received any report from All India Industrial Finance Corporation staff union wherein they have demanded for appropriate action against senior officials/directors of IFCI for irregularities in granting loans to the companies and violating the guidelines of Reserve Bank of India;

† Original notice of the question was received in Hindi.

(b) if so, the details thereof; and

(c) the action being taken against the officials/Directors who are found to be involved in irregularities and bungling?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) The issue raises in the report *inter-alia* included the following:

(i) Big loss to IFCI in One Time Settlement of dues.

(ii) Purchase of shares of IFCI on high rate of a loss making company called Foremost Factors Ltd.

(iii) Purchase of equity shares of ITIL at high rate to settle outstanding dues.

(iv) Internal audit by outside agencies.

(v) IFCI's first time failure to meet its obligation.

The All India Industrial Finance Corporation Employees Association made the following demands:

(a) CBI inquiry on the above irregularities be ordered to book all responsible executives/officers including the present CMD and their properties should be attached to recover money;

(b) An honest and dynamic person be appointed as the Chairman & Managing Director of IFCI for the improvement and to avoid further damage;

(c) All retired officers re-employed/nominated on the Board of assisted concerns and in IFCI sponsored organizations be removed immediately to avoid further irregularities;

(d) IFCI should be brought under the purview of CAG audit to watch and check the working of IFCI;

(e) The statutory auditors, who have been with IFCI for the last so many years *viz*. M/s. T.R. Chadha & Co. and M/s. Lodha & Co., should be replaced to avoid/prevent further manipulation & hiding of actual position of accounts; and

(f) The Government should take necessary action to save the first premier development financial institution by way of infusion of funds.

(c) The Government sought the comments of the IFCI Ltd. on the report of the All India Industrial Finance Corporation Employees Association and they have explained as follows:

(i) Recovery of loan under usual route of litigation is not cost effective. Hence OTS are entered for realisation of maximum possible amount having regard to the time value of money;

(ii) The investment in Foremost Factors Ltd. (FFL) was a strategic decision based on the suggestion of consultants of IFCI viz. M/s. Arther Anderson & Associate.

(iii) In case of Vetrotech India Ltd. (VTIL), in view of the wide difference between the negotiated price and the current market price of the shares which was to be acquired by IFCI, the proposal is being taken to the Board again.

(iv) In cases of AVI packaging Ltd., Shalimar Synthetics Ltd. etc. where creation of assets out of disbursement made by the Institution were found wanting, the staff accountabilities were fixed and disciplinary action taken.

(v) In certain cases, the exposure limit have been exceeded which were mainly due to additional assistance sanctioned for IDC, to complete the project the change in RBI guidelines on calculation of exposure norms, besides reduction of net worth of IFCI.

(vi) The purchase of building of IVCF was for its commercial benefit.

(vii) IFCI exercised call option for early redemption of high cost borrowings and its first time failure to meet its obligation was due to certain recent developments in the money market.

Merger of IFCI with SBI

† 2713. SHRIMATI CHANDRA KALA PANDEY:
SHRIMATI SAROJ DEBEY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

† Original notice of the question was received in Hindi.